



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

January 15, 2008

TO: Michael J. Knapp, President, Montgomery County Council

FROM:  Isiah Leggett, County Executive

SUBJECT: Recommended F09 Capital Budget and FY09-14 Capital Improvements Program

I am pleased to transmit to you, in accordance with the County Charter, my recommended FY09 Capital Budget and FY09-14 Capital Improvements Program (CIP). This CIP supports our shared priorities for excellence in local education at the K-12 and College level, affordable housing, public safety, preserving our infrastructure, expanding our transportation network, promoting economic development, and protecting the environment.

Overall, this CIP addresses our needs for basic infrastructure, education, transportation, and other critical facilities on a schedule and magnitude that is affordable in light of the recent downturn in the local economy. Although this six-year CIP includes an increase of general obligation bond funding of \$150 million, this is a very constrained CIP as reflected in the overall tax supported increase of only 1.2 percent for all agencies and decreases in the CIP for the County Government (9.1 percent) and Montgomery College (10.0 percent).

Children Prepared to Live and Learn

This recommendation maintains our commitment to quality education by supporting critical school capacity, modernization, capital maintenance, and health and safety projects in our public schools. I am recommending 95 percent of the Board of Education's \$1.497 billion request for the six-year period.

My recommendation increases the local share of school funding by \$212.7 million, over a 22 percent increase. General obligation bond funding for school facilities increased by almost \$180 million, a nearly 27 percent increase. This is \$30 million more than the \$150 million increase in bonding capacity that was approved as part of the Council's spending affordability process. This reflects the high priority which we all place on providing our world-class school system with world-class facilities.

The \$1.422 billion Schools CIP Budget I am recommending represents a 17.4 percent increase from the most recent \$1.212 billion six-year program. Included in the recommended six-year total is \$266.6 million in FY09 to fully meet the Board of Education's request for that year. However, in later years, the Board of Education will need to adjust its expenditures to meet the very real fiscal constraints in FY10-12. In order to accommodate this level of increase to the Schools CIP, it was necessary to defer, delay, or reduce projects in other agencies including a reduction to the County Government CIP of 9.1 percent.

I recommend that we continue our investment in expanded facilities at all three Montgomery College campuses to serve the growing student population, and maintain our investment in capital maintenance and information technology resources to preserve and improve the functionality of existing facilities. I am recommending full funding for the Rockville Science Center project which will provide expanded and up-to-date facilities for the science departments and leverage significant state funding. Consistent with our approach to County Government facility projects, I am recommending only design funds for certain College projects because they are not at an advanced stage of the design process where it would be possible to estimate full construction costs with confidence. Because of projected limitations in available State Aid, we have very conservatively estimated the receipt of such aid. We will continue to work with our State delegation to increase state participation in expanding and renovating College facilities. In addition, we are aggressively pursuing Federal Aid for the College.

Safe Streets and Secure Neighborhoods

I am recommending continued funding to complete construction of new or replacement fire stations in Clarksburg, East and West Germantown, Travilah, and Takoma Park. We will continue to work with local volunteer fire departments to relocate the Wheaton Rescue Squad and expand the Burtonsville Station. I have provided funding to begin planning and design to replace or renovate Cabin John # 30, Glen Echo # 11, Glenmont # 18, and Kensington (Aspen Hill) # 25.

This budget includes full funding to complete the 6th District Police Station in the Upcounty area as well as funds to begin planning and design of the replacement or renovation of the 3rd District Police Station in Silver Spring/White Oak, and the 1st, 2nd, and 5th Police District Stations in Rockville, Bethesda, and Germantown.

I am recommending the Judicial Center Annex project at the current approved level to continue planning and preliminary design work. However, the final scope and elements of this project must be consistent with our agreed approach to the consolidation of County facilities in the Rockville Core.

I am recommending that we fully implement the Property Use Initiative plan that I have presented previously to the County Council to re-locate and improve the Public Safety Training Academy and the 1st District Police Station. While this plan will impact the schedule for the PSTA, ultimately it will make it possible for the County to more efficiently and effectively use its existing facilities as well as address other important policy objectives, including supporting transit-oriented development. This initiative includes modifications to other projects as well, which will be discussed later.

An Effective and Efficient Transportation Network

This budget includes continued funding to complete the Silver Spring Transit Center and Montrose Parkway West, as well as increased funding to complete the Montrose Parkway East, Father Hurley Boulevard, Nebel Street, and Woodfield Road Extended. Funding is also included to provide traffic improvements along Randolph Road from Rock Creek to Charles Road and for planning and design of the Goshen Road South project. The completion of these projects will contribute to reducing congestion throughout the County. In addition, funding is included to provide a connection for Thompson Road and Rainbow Drive to improve access for residents in the community. Funding is also provided for new or expanded transit centers at Takoma/Langley Park and Montgomery Mall.

The County's bus transit system is near total capacity. To expand our capacity to provide transit services, we need to provide new and expanded bus depots to park and maintain the bus fleet. Funds are included for the planning, design, and property acquisition for the North County Maintenance Depot. Planning and design funds are also included for the Equipment and Maintenance Operations Center (EMOC) to support doubling of transit ridership by 2020. The location and schedule of the EMOC project is subject to the timely implementation of the County Executive's Property Use Initiative, which will relocate a large portion of the County's industrial uses from the Crabbs Branch Service Park to allow for private, transit-oriented development near the Shady Grove Metro Station.

We are also enhancing pedestrian safety through continued funding of the Annual Sidewalk program and the Sidewalk and Infrastructure Revitalization project. Additionally, we are including funds to construct Dale Drive Sidewalk, begin design and property acquisition for the Falls Road East Side Hiker/Biker Path and for the continued construction of the US 29 Sidewalk projects. These projects will improve pedestrian and cyclist safety and provide alternatives to vehicle travel.

I am recommending additional funding to address important infrastructure projects including replacing the Clarksburg Road and East Gude Drive bridges. I am also proposing to double the

amount of funding for the Resurfacing Rural Residential Roads project and to establish the Rural and Residential Road Rehabilitation project for roads requiring extensive replacement work. The Department of Public Works and Transportation has completed a representative assessment of the County's road network which indicates that a substantial portion of the pavement on the County's rural and residential roads are in need of immediate repairs. It would be shortsighted and imprudent to continue to underfund basic infrastructure maintenance on County roads. This budget also includes full funding to modernize the County's Traffic Signal System which is nearly 30 years old and is vulnerable to a system-wide failure unless it is replaced with a modern, state of the art, traffic control system.

While we have made progress toward our transportation funding goals, we must continue to aggressively pursue additional State Aid to address traffic congestion and capacity, including State financial commitments to construct the Corridor Cities Transitway and the Purple Line.

A Strong and Vibrant Economy

Full funding is included to complete the streetscaping and façade easements in the Wheaton Redevelopment Program. Streetscape and revitalization efforts are recommended to continue in Fenton Street Village, Long Branch, and South Silver Spring to enhance our urban environments. In addition, I am recommending that we establish the Burtonsville Revitalization project to begin planning and design for streetscape, signage, and other improvements.

I recommend continued funding for the business incubator at Montgomery College's Germantown Campus. We are continuing our work under the Life Sciences CIP to redevelop Site II in East Montgomery County, which may include a business incubator as a part of this 115 acre project. After a private development partner for Site II is identified and appropriate planning has been completed, I will transmit my funding recommendations on this project. Also, we are providing the remaining local funding to establish a live music venue to enhance the Arts and Entertainment District in downtown Silver Spring. We are completing work with a private operator who will provide programming at the venue. This project will bolster economic development and the continued revitalization of downtown Silver Spring.

Healthy and Sustainable Communities

This CIP includes an increase of nearly 25 percent to the Stormwater Management program to improve water quality in the County's streams. This includes expansion of our efforts to repair the stormwater management facilities for government facilities and private facilities where the County has obtained easements. These increases are largely funded by the Water Quality Protection fee. My recommendations will also continue support for our nationally recognized Agricultural Land Preservation Program as we make progress toward our goal of protecting 70,000 acres of farmland. We will be initiating efforts in this CIP to enhance the protection of the agricultural reserve through

piloting the acquisition of Building Lot Termination easements. This program will further reduce the amount of agricultural land that can be fragmented by, or developed for, residential uses within the County's agricultural reserve.

I am also recommending adding funding to the CIP of the Maryland–National Capital Park and Planning Commission (M-NCPPC) for the addition of three local parks including the Darnestown Square Heritage Park, Evans Parkway Neighborhood Park, and the Falls Road Local Park. In addition, I am recommending support for M-NCPPC's efforts to enhance Lake Needwood through the removal of sediment and I am adding funding to leverage State Aid to convert the Woodlawn Barn to a visitor's center focusing on the themes of the Underground Railroad and the Quaker experience in Montgomery County.

Due to its aging water and sewer lines and prior deferrals in infrastructure investments, I recommend a total of \$863.9 million for WSSC, consistent with WSSC's proposed budget, including a significant expansion of planned water and sewer replacement and our need to support capital investment at Blue Plains. Water/sewer rates are recommended to increase 9.7 percent this year plus an additional charge, based on meter size (\$20 per month for residential customers), that would be dedicated to much needed infrastructure renewal. This is consistent with the spending affordability limits for WSSC adopted by the Montgomery County Council and the Ten-Year Fiscal Plan scenario proposed by WSSC's Commissioners, although it is higher than the rates recommended by the Prince George's County Council. We will be working over the winter to reconcile the competing views on spending control guidance to WSSC.

A Responsive and Accountable County Government

Quickly and effectively responding to resident requests for services and information is a basic competency of local government. While progress has been made, our employees need modern information technology to provide these services on a daily basis to our residents. For this reason, I am including support for the County Government Technology Modernization project which will fund long needed improvements to the information technology and business processes of the County Government. This project will also support the creation of the 311/Constituent Relationship Management system, which will enable County staff to efficiently and effectively receive, track, and respond to resident requests.

Vital Living for All of Our Residents

Full funding is included in this CIP for the completion of the Olney Library renovations and continuing support is included for the renovation of the Gaithersburg Library, Potomac Library, Wheaton Library, and Davis Library. In addition, I am continuing our support for the Silver Spring Library and Clarksburg Library.

We are including two new recreation projects to address deteriorating conditions in our neighborhood centers through the creation of the Plum Gar Neighborhood Recreation Center project and the Recreation Modernization project, which will provide continued funding for renovations to the neighborhood community center projects. Through the facility planning project, we will be addressing planning for the long term, comprehensive renovation of these facilities. I am also including funds for the completion of the White Oak and Mid-County Community Recreation Center projects and initiating the Wheaton Community Recreation Center project to provide additional recreational opportunities in that portion of the County.

CIP Development and Project Planning

As mentioned above, the development of this CIP included reductions to the County Government and Montgomery College CIP. In part, the declines for these two agencies represent a more realistic assessment of state funding as well as a change in project planning and budgeting. Generally, only planning and design funding is requested until projects have sufficiently progressed in the design phase such that total costs can be confidently estimated.

We believe that requesting project funding after thorough project planning and advanced design have been completed is the best approach to developing projects and communicating accurate information on project costs. However, this approach does understate the total costs of the CIP for County Government and the College because the full costs of site work and construction are not always included. For this reason, it should be understood that a significant portion of the existing bond set-aside should primarily be considered as available for the completion of County Government and College projects. We will be working in the next year with all agencies to clarify and document the various approaches to facility planning, project development, and cost estimating so that there is greater consistency and transparency in our efforts. I will be forming a capital project cost-estimating working group that will include representatives from all agencies and the County Council, the construction industry, and others to facilitate this effort.

Fiscal Summary

The fiscal plan underlying my recommended CIP assumes general obligation borrowing for the six-year period at \$300 million per year, consistent with the Council's Spending Affordability Guidelines (SAG) decision this past fall. I do not recommend increasing SAG in February, and urge the Council to resist pressure to do so. This CIP allocates pay-as-you-go (PAYGO) funding, as a matter of policy, at ten percent of the amount of general obligation bonds to be issued each year, or \$30 million per year. I am recommending a CIP which is consistent with responsible debt capacity levels necessary to ensure continuation of Montgomery County's AAA credit rating.

The Department of Finance's most recent estimates of funds available from the impact tax for schools and transportation, the schools facilities payment, and the increase of the recordation tax for the public schools and Montgomery College as well as Montgomery County CIP projects are included in this recommendation.

Consistent with our past practice, I am recommending prudent bond-funded set-asides for upcoming projects that are known but for which planning is not complete. I am also recommending \$795.5 million in PAYGO, current revenue, recordation tax and school impact tax funding across the six years to complement the use of bonds.

For all agencies, excluding WSSC, this Recommended FY09-14 CIP totals \$3.23 billion for six years, an increase of \$36.2 million, or 1.1 percent from the FY07-12 Amended CIP. This increase is due primarily to increased support for our public schools (\$210.3 million), and M-NCPPC (\$9.6 million), offset by reductions to Montgomery County Government (\$124.9 million), Montgomery College (\$36.2 million), and the Washington Metropolitan Area Transit Authority (WMATA) (\$22.5 million). A portion of the reductions for Montgomery College, WMATA, and the County Government are due to the completion of previously approved projects which no longer appear in the six-year CIP.

For the tax supported portion of the Recommended CIP, the total is \$3.18 billion, an increase of \$37.8 million or 1.2 percent. Impact taxes are recommended at estimated levels and reflect the County Council's recently approved rate increases and the Department of Finance estimates for anticipated revenues based on these rate changes.

My proposals, highlighted in the pages immediately following and detailed in my specific FY09-14 recommendations for projects of County Government, MCPS, Montgomery College, M-NCPPC, WSSC, the Housing Opportunities Commission, and the Revenue Authority, capture the priorities of my administration. Many people have helped to shape the recommendations I bring to you in this budget. I appreciate their efforts and commend their contributions to you. As always, Executive Branch staff is available to assist you in your deliberations on the Capital Budget and CIP.

I wish to thank the members of the regional Citizens' Advisory Boards (CABs), the Board of Education, the College Trustees, the WSSC Commissioners, and the Planning Board for their work. I look forward to discussing with you any policy matters or major resource allocation issues that arise this spring.